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Chairman: Mr. de Rojas ..... (Venezuela)

Contents

General debate (*continued*)

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The meeting was called to order at 3.15 p.m.

General debate (*continued*)

1. **Mr. Fernández** (Philippines), after associating himself with the statement made by the delegation of the United Republic of Tanzania on behalf of the Group of 77 and China, said that the United Nations, a global institution set up to promote justice, social progress and better standards of life, could not be indifferent to the widening gap between the developed countries and the developing countries, between the rich countries and the poor countries, or between the rich and the poor within a single country. Nor could it be a silent witness to the increasing incidence of absolute poverty which, according to World Bank estimates, affected 1.3 billion persons.

2. It was therefore imperative to strengthen the ability of the United Nations to fulfil its functions in the area of development, and the Second Committee must provide the leadership in that regard. The economic issues – international trade, money and finance, external debt, access to science and technology – must be at the top of the United Nations agenda. His delegation was committed to cooperating in the reform of the United Nations in a manner that would enable it to address the real concerns of its Members, particularly the developing countries.

3. In a world characterized by globalization and deepening economic interdependence, the need for the international community to undertake constructive and sustained international cooperation for economic growth and development, without which peace and security could not be ensured, became urgent. The international community must show the necessary political will to ensure an open, equitable and rule-based multilateral trading system, which must be non-discriminatory, transparent and predictable and should be aimed at achieving the complete integration of the developing countries into the world economy and the new international trading system.

4. His delegation reiterated the need for the full implementation of the Uruguay Round agreement and the provisions of its Final Act on special and differentiated treatment for developing countries, particularly the least developed countries and the net-food-importing countries. The international community must adopt adequate measures to mitigate any adverse effects of the Uruguay Round agreement on the developing countries, including compensation, enhanced market access and financial assistance towards structural economic transformation.

5. Globalization had brought with it destabilizing shocks in the financial markets which were transmitted rapidly from one country to another. The recent currency turbulence in south-east Asia, which had started as a chain of seemingly unrelated events, was an example. On the one hand, the United States economy had shown a very strong performance. On the other hand, a country in the same region as the Philippines had experienced a slowdown following vigorous economic growth. Earlier, from 1994 to 1996, the region of south-east Asia had benefited from large capital inflows which had directly supported economic activity and a bullish stock market, thereby contributing to strong currencies.

6. The strong United States dollar and the rising United States stock market had become a magnet for funds which in the past had found their way into emerging markets. Investors, initially drawn to Asian growth, had started to feel uncomfortable when a financial crisis, whose contagious effect was stronger than anyone would have imagined, started to unfold. Although the crisis had not been imminent in other ASEAN economies and there had been little economic distress in other parts of the region, erroneous perceptions had dominated investment decisions, which had not been based on a close investigation of the strong economic fundamentals.

7. The Philippine peso had been adversely affected by the currency movements, along with other Asian and international currencies. As of mid-September, the peso had depreciated by 20.3 per cent against the United States dollar since the start of 1997. Data which showed that the economic fundamentals of the Philippines continued to be sound included: (a) the economy was not overheated, rapid growth having started only recently; (b) no bank had collapsed as a result of real estate investments; (c) export growth was on an upward trajectory; (d) the current account deficit was manageable and at around 4 per cent of the gross national product in 1996 was the lowest in the region; (e) the ratio of short-term to external debt had declined from 43.4 per cent in 1980 to 14.5 per cent in 1994; (f) the fiscal position remained strong and was projected to increase from 0.3 per cent of gross domestic product in 1996 to 0.6 per cent in 1997, while inflation had stayed below 5 per cent; (g) the banking system had received a high rating from a private firm, and the ratio of non-performing loans to total loans had been only 3.06 per cent in 1996, among the lowest in the region.

8. To strengthen further the Philippine economic fundamentals, the Government was implementing additional urgent measures and adopting longer-term measures to increase the savings rate, improve allocation of resources,

enhance the efficiency of key sectors such as agriculture, power and the financial sector, minimize price increases and remove the bottlenecks and distortions that had led to higher costs. There was therefore good reason to be confident that the currency turbulence would soon pass.

9. It was clear that the countries themselves must implement sound macroeconomic policies and that the process of globalization must be managed properly. It was disheartening, however, that over the past decade the debt problem of the developing countries had persisted as one of the main constraints to their development. There were still 51 developing countries listed by the World Bank and the International Monetary Fund as being heavily indebted, and many of the developing countries continued to be stressed by their debt burden as they religiously met their debt-servicing obligations. It was therefore necessary to re-examine the various debt relief measures to determine how best to enhance them further in order to contribute to a durable solution to the debt problem. The Heavily Indebted Poor Countries Debt Initiative must be carried out swiftly, and eligibility criteria must be continuously reviewed to ensure flexible implementation.

10. The question of the environment was of crucial importance. The Kyoto Conference, to be held in December 1997, would provide an opportunity to demonstrate to the whole world how seriously countries were addressing the urgent problem of protecting the global environment. It was only fair that those who had emitted greenhouse gases in large volume and for a long time should show the example and agree to legally binding emission reduction targets.

11. **Mr. Park Soo Gil** (Republic of Korea) said that the globalization that had transformed the world economy in recent years had been marked by ever-deepening market integration, and by widening disparities between and within countries. While the market forces driving globalization had boosted flows of private investment to developing countries, it was imperative that more countries and more people should be brought into the economic mainstream.

12. It was no coincidence that both UNCTAD and the World Bank had begun to call attention to the dangers inherent in globalization. The UNCTAD Trade and Development Report 1997 warned that rising inequalities might trigger a political backlash against globalization. The President of the World Bank had pointed out at the Bank's recent annual meeting in Hong Kong that the negative side-effects of the current pace of globalization were a time bomb, which if left ignored could explode in the faces of the next generation.

13. However, the challenges of evident inequality and marginalization should not be used as a pretext to slow the pace of globalization, since the latter could also effect positive change. In 1996, developing countries had achieved an annual growth rate of 5.6 per cent, the highest in 20 years, which was double the average growth rate for the world as a whole in 1996. Furthermore, foreign direct investment inflows to developing countries had risen to a record $129 billion and investment outflows from the same countries had reached $51 billion.

14. In light of those mixed blessings, the United Nations should consider the role of public policy in maximizing the benefits of global market configuration, seeking new paradigms for economic cooperation, in which major increases in development assistance were combined with selective debt relief measures, greater market access and strategic flows of investment.

15. Market integration did not automatically bring about economic and social development. Rather, it needed to be accompanied by well-crafted policies on the part of individual Governments and multilateral organizations such as the United Nations in order to maximize the benefits and minimize the negative effects of globalization. In that context, his delegation shared the views expressed in the previous day's statements by the Chairman of the Committee and the Under-Secretary-General.

16. On the subject of Africa, which was one of the most important topics in any discussion of economic and social development, his delegation was pleased to note that much of the continent continued to experience significant rates of economic growth, averaging 3.9 per cent in 1996. Admittedly, that figure fell below the target of 6 per cent set in the United Nations New Agenda for the Development of Africa in the 1990s, although 11 countries had met that target in 1996, and 28 others had achieved growth rates of between 3 and 6 per cent. It was commendable that many African States had undertaken to implement the New Agenda through rigorous economic structural reform and adjustment. The Republic of Korea had participated in bilateral cooperation projects with the Economic Commission for Africa, and planned to launch, in 1998, a three-year programme for the development of Africa, including a workshop on economic development for African countries, jointly sponsored by the Korea International Cooperation Agency and the World Bank, in addition to the expert group meeting on micro-credit for enterprise development in Africa held in cooperation with the Office of the Special Coordinator for Africa and the Least Developed Countries (OSCAL) and other training programmes for civil servants.

17. His delegation welcomed the adoption of the Agenda for Development at the fifty-first session of the General Assembly. That adoption highlighted the vital importance of international development cooperation and the role of the United Nations in promoting it. His Government stood ready to make its contribution to ensure that the provisions of the Agenda were faithfully implemented, including those relating to the mobilization of resources for development, and the reform and revitalization of the United Nations development system.

18. Regarding the Secretary-General's reform proposals, his Government agreed with other Member States that the role of the United Nations in the economic and social fields should be strengthened and was pleased to note that the proposals emphasized enhancing the Organization's effectiveness and capability in those areas. It was appropriate and timely that the Secretary-General had proposed the strengthening of cooperation between the Department of Economic and Social Affairs and UNCTAD in order to enhance the Organization's capabilities for macroeconomic policy analysis. To facilitate discussions in the Second Committee and enhance the interface between the United Nations and the Bretton Woods institutions, it might be useful to list relevant reports of UNCTAD and the World Bank/IMF as official documents of the General Assembly.

19. The Republic of Korea supported the strengthening of the role of the Economic and Social Council as a means to enhance international policy coordination on economic and social issues and provide more coherent guidance to United Nations operational activities. The Secretary-General's proposals on improving the working methods of the Economic and Social Council and consolidating its subsidiary bodies provided an excellent starting point for consideration at the intergovernmental level.

20. His delegation agreed with the proposals to improve the effectiveness and coordination of United Nations development activities both at Headquarters and at the country level, and supported in particular the establishment of the United Nations Development Group, the United Nations Development Assistance Framework and the "UN Houses" under a single resident coordinator.

21. At the nineteenth special session of the General Assembly, held in June, it had been clear that many Member States still had not implemented the agreements reached at the 1992 United Nations Conference on Environment and Development. However, in order to ensure sustainable development, all States should renew their efforts to implement Agenda 21 fully. In that regard, his delegation called on the international community to abide by the Programme for the Further Implementation of Agenda 21 adopted at the June special session. Its execution would help to combat threats to the environment associated with poverty, trade, the seas and oceans, forests and toxic chemicals. In the view of his delegation, one of the most important sections of the Programme for the Further Implementation of Agenda 21 dealt with the safe management of radioactive waste. His delegation called on all countries to do their utmost to prohibit the export of radioactive waste to countries which lacked adequate facilities for its safe storage and treatment.

22. With regard to the United Nations Framework Convention on Climate Change, his delegation hoped that a realistic and attainable schedule for greenhouse gas reduction could be agreed at the third Conference of Parties, to be held in Kyoto in December 1997. His Government was ready to play an active role in its success.

23. In 1996, the Republic of Korea had become a member of the Organisation for Economic Cooperation and Development (OECD). Although it was no longer a member of the Group of 77, it would seek to play a bridging role between the developed and developing countries on major economic issues, drawing on the experience gained in its own journey to development. Since the establishment of the Economic Development Cooperation Fund in 1987 and the Korean International Cooperation Agency in 1991, Korea's contributions to South-South cooperation had steadily increased. In particular, the Korean International Cooperation Agency's budget for development cooperation had increased by over 20 per cent a year and would continue to increase in 1998. In September 1997, the Korean Government had approved the sum of $1.14 billion through the Economic Development Cooperation Fund for 78 development projects in 25 developing countries. The Republic of Korea also contributed in other ways to South-South cooperation: in 1997 it had given $200,000 to the UNDP Voluntary Trust Fund for the Promotion of South-South Cooperation, and it intended to continue such contributions in the years to come. In addition, it was the host country for the International Vaccine Institute, a research institute dedicated to strengthening the capacity of developing countries to conduct vaccine-related research and development activities.

24. If the international community was to maximize the benefits of globalization and avoid its pitfalls, it would be essential to establish a partnership between developed and developing countries, above all to maintain the growth achieved by many developing countries in recent years and

expand it so that the resulting benefits could be shared by all.

25. **Mr. Žebrakoský** (Czech Republic) said that his delegation fully associated itself with the statement of the representative of the European Union. The agenda items considered in the Second Committee were similar to those considered in the Economic and Social Council and other forums, and at times it appeared that they were included in the agenda out of inertia, since some were passed from session to session with little real progress being achieved. Accordingly, his delegation welcomed and supported efforts to organize the Committee's agenda more rationally so as to make its deliberations more efficient. The Czech Republic was willing to take an active part in implementing the reform process. Nevertheless, the preoccupation with reform should not distract attention from substance, which dealt with the real world and its burning problems. The United Nations was primarily concerned with seeking solutions to substantive problems in a rational, sober, efficient and unbiased way. His delegation noted with satisfaction that that aspect of the work of the Second Committee had showed significant improvement.

26. The Czech Republic's interest in the global issues tackled by the Economic and Social Council or the Second Committee was not self-serving. As one of the countries undergoing rapid political and economic transition, the Czech Republic was trying to define and affirm its new position and role in the global setting. That transition process had been acknowledged by the Czech Republic's acceptance as a member of the Organisation for Economic Cooperation and Development in 1995 and by its deepening cooperation with the European Union. His country, while still facing the problems of the transition period, was preparing itself to assume its share of responsibility in addressing global social and economic problems. While currently its share of assistance was rather modest and was mainly directed to humanitarian and relief operations, it was paying an increasing amount of attention to other, more systematic areas of development assistance, a concept which had been integrated into its foreign policy.

27. The changes which had taken place in the world and the resulting new challenges had posed increasing problems to the Economic and Social Council in fulfilling its key role in promoting international cooperation in the economic and social fields. Therefore, further measures must be taken to rationalize and streamline its agenda in accordance with General Assembly resolution 50/227. The Czech Republic would welcome further measures to that effect and firmly believed that the relevant parts of the Secretary-General's reform package were moving in that direction.

28. With respect to the relationship between environmental protection and sustainable development, the Czech Republic had ample experience in overcoming a negative environmental legacy and was introducing the strict environmental standards which were preconditions for its admission to the European Union. It would be happy to share its experience with interested countries, possibly within the framework of development assistance programmes and activities. It appreciated the activities of the United Nations and many specialized agencies and bodies in the area of environmental protection and sustainable development, in particular the United Nations Environment Programme and the Commission on Sustainable Development.

29. Although the special session of the General Assembly had given new impetus to follow-up activities to the United Nations Conference on Environment and Development, it had become apparent during that session and its preparatory period that not all relevant partners were ready to take substantive measures to make sustainable development concepts a reality in the near future, if not immediately. It was also regrettable that some of the European Union initiatives, which his Government had supported, had not received full endorsement.

30. The special session of the General Assembly had provided proof of the viability and importance of the Commission on Sustainable Development, attracting representative participation not only from Governments but also from the business sector, non-governmental organizations and other groups. His delegation felt that the Commission should fulfil its mandate by emphasizing its work on cross-sectoral issues. For example, the issue of sustainable patterns of production and consumption was an umbrella concept for addressing a number of relevant themes. The Czech Republic also welcomed the attempts to make the Commission one of the main foci of the reform efforts within the Economic and Social Council and felt that it had the potential of gradually integrating activities under various agendas such as natural resources, renewable energy issues and other development-related concerns. It therefore supported the linking of the Commission on Sustainable Development, the Committee on New and Renewable Sources of Energy and on Energy for Development, the Committee on Natural Resources and the Commission on Science and Technology for Development. As to the division of labour between the Commission on Sustainable Development and the United Nations Environment Programme, the Czech Republic felt that the Commission should strengthen its role as a policy-making body and coordinator of cross-sectoral issues related to sustainable

development, while the focus of the work of UNEP should be the environmental sector.

31. **Mr. Aala** (Syrian Arab Republic), after expressing his delegation's support for the statement made by the representative of Tanzania, referred to the growth recorded by the world economy in 1996 and the possibility that that trend would continue in 1997. Although some countries had experienced economic growth, others, especially in Africa, had not achieved sufficient growth to face the challenges of development resulting from the globalization of the economy. In order to achieve the objectives of development, those countries had to pay an excessively high social price, since there was no transparent, balanced and predictable multilateral economic system in existence.

32. The protectionist trends and unilateral methods characteristic of some developed countries were detrimental to the new economic order that was sought. The heavy debt burden, the concentration of financial flows in a small number of developing countries and the unprecedented decline of official development assistance were constantly increasing the gap separating the developed countries from the developing countries and causing ever greater difficulties for the latter and the danger of marginalization.

33. At the major United Nations conferences held during the 1990s, plans of action had been adopted which were to lay the foundations of an association for development, and a programme of peace had been drawn up. However, there had not been the necessary political will to implement the commitments undertaken in the area of financial and technological assistance. Furthermore, attempts were being made to justify the reduction of official development assistance and restriction of transfers of technology under the pretext of protection of intellectual property.

34. The United Nations must face those problems effectively. The special session of the General Assembly held in June had provided an opportunity to take up those issues through promotion of activities in the area of development and environmental protection, but it had not been possible at that time to reaffirm the commitments undertaken earlier or ensure their fulfilment. Since 1970 the Syrian Arab Republic had been trying to build a social and political infrastructure based on association between the public and private sectors in order to ensure economic pluralism and give everyone an opportunity to participate actively in social development and in the adoption of decisions in that respect. It had also adopted measures to promote the participation of women in all spheres on an equal footing with men. During the period between 1990 and 1996, the Syrian Arab Republic had recorded economic growth of 7 per cent a year. Also, within the context of the development of the world economy, the Syrian Arab Republic had introduced major reforms designed to promote private investment so that it could play a significant role in the mobilization of national resources and the increase of production. Aware of the need to deal collectively with the problems of globalization, the Syrian Arab Republic, along with other countries of the region, had established an Arab common market which had the aim of mobilizing the productive forces and establishing major industrial projects at the world level.

35. The efforts to promote sustainable development which were being made in the Middle East were being obstructed by Israeli measures and its illegal occupation of the Syrian Golan, southern Lebanon and the Palestinian territories. The Israeli practices were undermining the peace process and Israel's non-fulfilment of the commitments made in respect of the exchange of land for peace was preventing the establishment of lasting peace in the region. In order to achieve that peace, it was essential to eliminate the spirit of aggression and restore the land to its legitimate owners.

36. **Mr. Pérez-Otermin** (Uruguay), speaking on behalf of the member countries of the Common Market of the Southern Cone (MERCOSUR), namely Argentina, Brazil, Paraguay and Uruguay, and the associated States of Bolivia and Chile, said that the MERCOSUR countries regarded regional integration as an effective instrument for development which complemented efforts for the liberalization and opening up of their economies to the outside world. The vigorous development now taking place in the subregion resulted from joint efforts made to reduce customs barriers, negotiate an external tariff and establish a customs union. MERCOSUR was the fourth largest economic bloc in the world and in 1996 the MERCOSUR countries had produced over one trillion dollars. They accounted for 12.5 per cent of the industrial output of the developing countries and 50 per cent of the industrial output of Latin America.

37. With regard to the development of international trade, the MERCOSUR countries felt that it should take place through multilateral negotiations within the framework of the World Trade Organization, whether at the hemispherical or regional levels, and condemned unilateral action which was contrary to that spirit. They also felt that priority attention should be paid to the evaluation and application of the various agreements emanating from the Uruguay Round, above all in the framework of agriculture, access to markets and the application of trade protection measures.

38. Agricultural development was essential to maintain an adequate level of food production, reduce poverty and create an effective demand which would increase the capacity to purchase food. The MERCOSUR countries therefore stressed the need to implement fully the commitments undertaken in the Uruguay Round, not only in respect of free access to markets, but also the reduction of internal subsidies and export subsidies. To that end, they maintained close contacts in order to carry out negotiations within the agricultural committee of the World Trade Organization.

39. The MERCOSUR countries were firmly convinced that poverty reduction was an urgent need on ethical, economic and social grounds and supported the provisions of General Assembly resolution 50/107 proclaiming the First United Nations Decade for the Eradication of Poverty; they were striving to create all the necessary conditions to achieve sustained economic growth and ensure investment, macroeconomic balance and business competitiveness, while first meeting the basic needs of their peoples.

40. For the MERCOSUR countries, which were regarded as middle-income countries, it was disturbing that the volume of resources devoted to United Nations cooperation programmes had been reduced in real terms. Those countries felt that the situation must be reversed and that the right of all the developing countries to receive that assistance was based on the principle of universality in the choice and granting of cooperation.

41. In the area of technical cooperation, equal attention should be paid to traditional demands, such as those related to humanitarian questions, and those that referred to the process of integration in the international economy, the redefinition of the role of the State, its decentralization and the modernization of its production sectors. To that end, the countries of MERCOSUR had united in their efforts to ensure that the Agenda for Development was adopted.

42. With regard to science and technology, they firmly believed that the United Nations Conference on Trade and Development (UNCTAD), the Commission on Science and Technology for Development and the Commission on Sustainable Development should create the conditions necessary to provide more technological training to the developing countries. Priority should be given to mobilizing resources to finance and implement science and technology projects, and to ensure that the developing countries had access to competitive and advanced technologies, most notably the creation of information networks.

43. The MERCOSUR countries wished to express their great satisfaction at the importance which the Secretary-General attached to the issue of development and considered that one of the major challenges facing the United Nations was the resolution of the crisis in its development funds and programmes. It was vital to expand the basis for development financing by increasing voluntary contributions from donor countries, seeking new sources of financing, stimulating private investment flows and securing the cooperation of international financial institutions.

44. The MERCOSUR countries saw as positive steps the reform measures suggested by the Administrator of the United Nations Development Programme and the proposal by the Secretary-General for better coordination and increased decentralization of decision-making with regard to operational activities.

45. Giving national offices greater autonomy would increase their capacity to negotiate directly with government agencies and create better conditions for project monitoring and evaluation while improving financial administration and administrative management as well.

46. At the same time, it was important to continue to look for new sources of financing to strengthen development cooperation and promote South-South cooperation and cooperation with the Bretton Woods institutions, and to encourage cost-sharing, which was a very important instrument for the MERCOSUR countries and the rest of Latin America.

47. In the five years since the Earth Summit in Rio de Janeiro, significant progress had been made, although some developed countries had not fulfilled their commitments to transfer new financial resources to sustainable development. The MERCOSUR countries were pleased to note that, as from 1998, the intergovernmental dialogue on water would be held within the framework of the Commission on Sustainable Development. They also welcomed the recognition of the need to achieve sustainable patterns of energy production, distribution and use, and approved the establishment of an intergovernmental group of experts to prepare for the substantive debates in order to reach a common position at the meeting of the Commission on Sustainable Development planned for the year 2000. MERCOSUR believed that it was on the right path, and that was borne out by the international commitment it had undertaken and was implementing.

48. **Mr. Martini** (Guatemala) said that his delegation associated itself with the statement made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. His delegation attached particular importance to the agenda items allocated to the Second Committee which dealt with the economic, social and environmental protection sectors. In that connection, he

emphasized that international cooperation programmes deserved special treatment, since they included complex elements relating to peace, political stability and democracy-building, and, as was pointed out in An Agenda for Peace, peace and development were closely linked.

49. As a country in transition from a situation of conflict to one of development, Guatemala was in need of international cooperation with a comprehensive approach that included social, economic and environmental components to pave the way for development. The drive towards economic and social integration, the fight against poverty and continued progress in environmental protection and sustainable development were the foundations on which to base development in Central America.

50. His delegation was pleased to note that the process of reforming the United Nations had begun; it should be borne in mind that the primary objective in that respect was to strengthen the Organization's capacity to deal with development questions and respond quickly and efficiently to the needs of developing countries. The official adoption of the Agenda for Development reaffirmed the role of the United Nations in that area.

51. His Government attached great importance to the Intergovernmental Forum on Forests, had participated in the Forum's first meeting and was preparing to take part in its forthcoming discussions on the implementation of proposals for action on the management, preservation and sustainable development of forests approved at the nineteenth special session of the General Assembly and confirmed at the substantive session of the Economic and Social Council in 1997.

52. Technical cooperation among developing countries was a valuable support for the countries of Central America, as it allowed an exchange of experience which boosted progress in certain areas. In that respect, his delegation welcomed the holding earlier in the year of the South-South Conference on Finance, Trade and Investment, which had been held in Costa Rica, and the International Symposium on Technical Cooperation among Developing Countries as a support mechanism for the decentralization processes in Latin America and the Caribbean, held in Guatemala.

53. His delegation believed that the Global Environment Facility, which promoted projects and activities to protect the environment, should be strengthened and that its funds should be replenished to allow it to perform all its duties thoroughly.

54. Special attention should be paid to the issue of poverty. The commitments to eradicate it undertaken at the major United Nations conferences must be implemented.

55. He welcomed the entry into force of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, and its ratification by 112 countries.

56. **Mr. Abu-Rashid** (Saudi Arabia) said that there had been a movement towards regional regrouping and the strengthening of economic alliances in the early 1990s. Economic recessions in some European countries had led to the implementation of contradictory policies, producing imbalances and crises. There was a need for assistance projects for developing countries which would help find substitutes for petroleum or limit its utilization through the use of other energy sources. The 1980s had been decisive for the global economy, with the transition to a free-market system of the centralized economies of Eastern Europe.

57. The industrialized world had taken an interest in the oil-producing developing countries, and much of all technical assistance and resources had been directed towards them. The European Bank for Reconstruction and Development had been created for that purpose, and facilities had been provided to those countries so that they could recover their markets. The gas and petroleum sector in the former Soviet Union was considerable. The Arab countries, with their broad experience of the oil industry, could cooperate with the States of that region in that area.

58. Major economic changes had taken place in Asia. China, India and other South-East Asian republics had implemented plans to liberalize their economies and open them up to international trade; that would give the Arab countries an opportunity to diversify their economies and broaden their markets.

59. Overall economic development was encouraging, although it had varied from one country to another. The 1990s had seen a change in the rate of economic development which could have positive effects on the demand for oil and petroleum products and could lead to much greater development of the economies of developing countries, China, India, other South-East Asian countries and the oil-exporting countries. However, the economies of Central and Eastern Europe were experiencing a recession and their development rates were very low. There was a clear trend towards regional groupings, particularly among the industrialized countries; that could be a sign of future restrictions, since those groupings would not limit their protectionist barriers. Those changes also posed challenges

for the developing countries and oil-producing countries, the greatest of which was to understand what was best for the world in terms of environmental protection as it related to the policies established by the oil-producing countries.

60. The international community must create a favourable economic environment for improving access to international markets, setting commodity prices and establishing technological infrastructures. His Government also wished for a favourable climate for worldwide economic development.

61. Sustainable development was mankind's fundamental goal on the threshold of the twenty-first century; if it was to be achieved, economies must be liberalized, tariff barriers must be removed, and protectionist and discriminatory measures must be eliminated.

62. As for the external debt issue, the developing countries must renew their efforts to create an infrastructure that would encourage foreign investment and promote sustainable economic development. His delegation called upon creditor States, private banks and multilateral financial institutions to consider adopting initiatives to find a solution to the least developed countries' debt problem.

63. The gap between developing and developed countries was ever-widening, and economic differences continued to grow. The North-South dialogue had broken down. There were more and more barriers preventing developing countries from gaining access to international markets. The industrialized countries had formed economic alliances and were discriminating against the developing countries.

64. **Mr. Owada** (Japan) said that the previous year, his delegation had proposed that the United Nations should play a significant role in the modern world economy by taking a new and innovative approach to the problem of development in the new international environment of the post-cold-war era. The time had come for that new approach, which he called a "new development strategy", to be worked out and implemented seriously. The new strategy should be based on the new philosophy of global partnership, should clearly recognize the dignity of developing entities and should provide a framework for focusing the international community's efforts on the genuine problem of development in cooperation with the developing world.

65. During the past year, the Agenda for Development, which brought together all the pertinent elements for development, had been adopted by consensus. While it represented a milestone in the efforts to realize a new development strategy, all actors in the development process should pursue a common approach to the implementation of the Agenda.

66. In pursuing such a development strategy, the goal should be to enable countries to reach the economic take-off stage. That would be a major victory for the whole world, inasmuch as the full integration of the developing countries in the world economic system would bring tremendous benefits to all. If, on the other hand, that serious problem was not resolved, the world of the twenty-first century would be fraught with enmity, resentment and social disorder emanating from poverty. The common fate of humanity was at stake.

67. Japan believed that the new strategy should take both a comprehensive approach and an individualized approach. The development strategy must be comprehensive in approach because it did not relate solely to a matter of official development assistance; foreign direct investment, trade and market access were also important. Of equal importance, however, were issues of socio-economic infrastructure, both in physical terms, such as telecommunications and transportation systems, and in other terms, such as human capacity-building through education, health care, institution-building and good governance. All of those elements would have to be integrated in order to adopt an individualized approach that responded to the specific conditions of individual countries.

68. Without the participation of the entire international community, including both developed and developing countries, the new development strategy would have little impact. Since 1993, Japan had been seeking to promote that concept in the international community. A consensus was emerging in the donor community of the developed world, for example, through the adoption of the Ministerial Declaration of the Organisation for Economic Cooperation and Development in 1996, its incorporation in the Declaration of the Summit of the seven major industrialized countries that same year and its confirmation in Denver in 1997. The need for that strategy had also been recognized at the Japan-South Pacific Forum summit meeting held on 13 October 1997 in Tokyo. To be viable, the strategy must secure truly global acceptance, and his delegation therefore believed that the United Nations, as the only universal political organ, must play the leading role in that effort.

69. Under initiatives taken jointly by Japan and other countries, that new development strategy had already begun to take shape and be implemented. However, the most ambitious plan on the part of Japan to test the validity of that strategy was the holding of the second Tokyo International Conference on African Development. In recent years, his

delegation had emphasized the importance of African development in the implementation of the new development strategy. Thus, the second Tokyo International Conference, organized in cooperation with the United Nations and the Global Coalition for Africa, was an attempt to implement the strategy on African soil. The purpose of the Conference was to identify what had and had not been achieved since the first Conference in 1993 and to discuss concrete modalities for applying the new development strategy to concrete but diverging conditions in different African countries. The Conference would be action-oriented and envisage the adoption of an agenda for action.

70. Japan recognized that South-South cooperation had gone through a major transformation in recent years. That intraregional approach, which emphasized solidarity among developing countries, had become a form of cooperation between different regions involving both developing and developed countries. That form of cooperation could play a very effective role in promoting development in Africa. In that context, his Government, together with the Government of Thailand, the United Nations and the Global Coalition for Africa, had organized the second Asia-Africa Forum in Bangkok in June 1997, as part of preparations for the second Tokyo Conference.

71. That new triangular form of South-South cooperation had also been one of the central issues discussed at the Okinawa Conference on Development. His Government was prepared to promote such cooperation further through bilateral assistance schemes and financial contributions to United Nations funds and programmes in that area. Japan firmly believed that the triangular South-South cooperation should be placed in the mainstream of the development activities, particularly in the United Nations.

72. The key to the success of the new development strategy lay in testing it in developing countries themselves, and, with that in mind, it was already being implemented on a pilot-programme basis in a number of countries. Many of them were receiving bilateral assistance from his Government. In many countries, including some in Africa, there had already been visible progress, which strongly indicated that they were on the right track.

73. For development efforts to succeed, each national Government must take the initiative in formulating its own strategy based on the awareness of the importance of ownership. The donor community, as a whole, must provide fully coordinated support in a spirit of genuine partnership.

74. With regard to the role of operational agencies, his delegation believed that ownership and partnership must be vigorously pursued in United Nations operational activities for development. United Nations funds and programmes should strengthen their work at the field level. Operational activities should put a higher priority on capacity-building, which would help to enhance a sense of ownership. Coordination and collaboration among agencies was extremely important in that regard. Japan welcomed the inclusion in the reform proposals by the Secretary-General of the idea of investing in development programmes the savings that accrued from reforms, an idea that his country had put forward at the Summit of the seven most industrialized countries held in Lyon.

75. The proposal to hold the International Year of Volunteers had four objectives. First of all, designating 2001 as the International Year of Volunteers would bolster the morale of volunteers in their activities around the world. The second goal was to facilitate volunteer activities by creating favourable working conditions for them. The third objective was to promote networking among volunteers to improve the exchange of information. The final goal was to create a new political culture in which volunteer activities, with regard to both participants and areas of activity, were promoted.

76. With respect to environmental protection, the most critical issue that the international community had to face was the question of climate change in the context of implementing Agenda 21. That was an issue on which it was crucial to reach agreement at the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Kyoto in December 1997 and whose major task was the adoption of an international agreement committing the international community to preventing global warming in the next century. That agreement should be based on legally binding, meaningful, realistic and equitable targets for reducing greenhouse gases. As the host country for the Conference, Japan called upon all participating countries to cooperate fully in order to ensure a successful outcome.

77. **Mr. Prendergast** (Jamaica), speaking on behalf of the 14 members of the Caribbean Community (CARICOM) which were Member States of the United Nations (Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, Suriname and his own country), said that they associated themselves with the statement made at the 3rd meeting by the Chairman of the Group of 77 and China.

78. Globalization had emerged as the dominant economic theme of the decade. Recent trends and developments in the international economy were reflected in the liberalization of the world trading system and strong growth in world

trade. All that, combined with communications technology, permitted the rapid movement of capital on a massive scale. It was indisputable that that was offering developing countries opportunities that could accelerate their rates of development. Nevertheless, it was equally undeniable that that process in the global economy had produced both winners and losers. The number of winners was few and shrinking, while the number of losers was growing. While globalization had changed the rules of the game for all participants, it was marginalizing those countries which could not become competitive globally. The share of the poorest 20 per cent of the world's people in global income had been steadily decreasing and, according to the UNDP *World Human Development Report, 1997*, that share stood at 1.1 per cent, down from 1.4 per cent in 1991.

79. A major impediment preventing developing countries from reaping the benefits of globalization was the problem of debt and debt-servicing. Many developing countries, like those in the CARICOM region, continued to honour their obligations in spite of the heavy social and economic costs. The various initiatives undertaken with regard to external-debt payment had not yet eliminated the heavy debt, which continued to burden many countries and hindered investment and growth.

80. Small developing countries like the members of CARICOM considered that liberalization and globalization, in their current form, had not shown the capacity or willingness to take into account the genuine interests or practical possibilities of small States. The decisions recently taken by the World Trade Organization had demonstrated not only the vulnerability of small economies, but also the lack of interest in their survival.

81. The issue of the sustainable development of small island developing States involved more than climate change and natural disasters, since it concerned the very existence of a particular group of States and consequently required the creation of effective partnerships between peoples and Governments and between developed and developing countries. The countries of the Caribbean Community therefore looked forward to the two-day special session for the review of the Global Conference on the Sustainable Development of Small Island Developing States, to take place in 1999, and expected specific, practical outcomes which fostered the requisite political commitment to the process.

82. The effects of global warming were likely to be felt more directly by small island and low-lying coastal States, such as those in the Caribbean region. Such effects were not limited to the environment but severely compromised the capacity of such States for sustainable development and he therefore attached particular importance to the development of a vulnerability index.

83. It was important to ensure a positive outcome from the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Kyoto, where it was to be hoped that there would be a strong commitment on the part of the international community to the reduction of greenhouse gas emissions. The international community could not afford to continue endangering States that would probably disappear if the current trend was not corrected.

84. Poverty remained one of the major hindrances to the achievement of sustainable development. According to the 1997 *Human Development Report* of the United Nations Development Programme, more than a quarter of the developing world's people still lived in poverty. Children were especially vulnerable, some 160 million being moderately or severely malnourished, and women were disproportionately poor: half a million died in childbirth every year, at a much higher rate than in industrial countries. The scale of poverty was daunting and only a firm commitment to its eradication would be able to achieve meaningful sustainable development.

85. The Caribbean Community attached great importance to the development of human resources. It fully supported the assertion by the representative of Malaysia at the fourth meeting that investment in human capital was investment in the future. The countries of the Caribbean Community therefore considered it important to focus on creating the necessary conditions for the fullest development of each person's potential without regard to gender; creating a culture of entrepreneurship; the management and protection of the environment; research and development as a way of life and a means of improving production; and improving the competitiveness of industries on which their economies were based.

86. The United Nations should continue to assist countries in developing human resources and building capacity in those areas. Lastly, he could not overemphasize the relevance of the Secretary-General's report entitled "An Agenda for Development" and the importance of implementing its recommendations.

87. **Mr. Hetteš** Slovakia) said that the international community had to face new problems arising from the globalization of the economy, such as, on the one hand, economic imbalances threatening international stability, sustainable development and economic integration efforts and, on the other, political fragmentation and continuing

gender inequality. The United Nations constituted the appropriate forum for adopting a common course of action and for mobilizing the necessary energy and means for its implementation.

88. Slovakia appreciated the reform efforts undertaken by the Secretary-General, to rationalize United Nations activities in the economic and social sphere and improve their coordination and hence their effectiveness. The merging of three departments into the Department of Economic and Social Affairs was a most positive step in that regard. Other important measures had been the establishment of the United Nations Development Group, the integration of all United Nations development programmes into the United Nations Development Assistance Framework and the creation of the Office of the Emergency Relief Coordinator. The participation of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Environment Programme (UNEP), together with the Department of Economic and Social Affairs, in the work of the Executive Committee on Economic and Social Affairs would make it possible to improve coordination in the areas of development, the environment and trade, investment and technology. His delegation expected the Secretary-General to make further recommendations as a result of the joint revision by the Department of Economic and Social Affairs and UNCTAD of activities in the macroeconomic sphere with the aim of improving their cooperation and rationalizing their activities.

89. At the same time it was necessary to re-examine the role of the Economic and Social Council, as laid down in the Charter, so as to strengthen its coordinating and managerial role and also its role in the macroeconomic and political coordination dialogue.

90. Slovakia, which participated actively in the specialized international organizations of the United Nations system, appreciated the role played by the Economic Commission for Europe and believed that the successful completion of the Commission's reform both indicated the path that should be followed in reforming the economic and social elements of the United Nations system and proved that Member States could reach consensus concerning the issue of reforming the United Nations system. His delegation would support the reform of the Commission, in accordance with the documents that had been adopted, namely the Declaration on the Strengthening of Economic Cooperation in Europe and the Plan of Action, which defined the mandate and the strategic directions of the Commission's future activities.

91. The reform of the subsidiary bodies of the Economic and Social Council and the regional commissions should lead to further rationalization and consolidation. From the perspective of Europe there should be a more regular exchange of information between the Commission and the Organization for Security and Cooperation in Europe, the European Commission and the Council of Europe, which would contribute to the necessary division of labour, especially in the area of standards and the provision of technical assistance.

92. Slovakia was deeply involved in the work of the United Nations Development Programme (UNDP) and had been a member of its Executive Board since 1993. In June 1997 the UNDP Regional Centre for Central and Eastern Europe had been opened in Bratislava, expanding the possibilities for even deeper participation by Slovakia in United Nations development activities within the United Nations Development Assistance Framework. His delegation believed that the coordination of the work of UNDP, the United Nations Children's Fund and the United Nations Population Fund by a group headed by the Administrator of UNDP, which would also ensure coordination at the national level, was an appropriate and necessary step. It would add to the transparency of individual flows of assistance to the country and would contribute to the preparation of expert assistance provided by Slovakia. The idea of setting up a "United Nations House" at the national level, led by a resident coordinator accredited by the State, could further contribute to improving the performance, mission and visibility of the United Nations.

93. Slovakia intended to establish a higher level of cooperation with the United Nations Industrial Development Organization (UNIDO) so that the private sector in Slovakia would be able to participate in the financing of projects co-sponsored by the government and UNIDO. His delegation believed that the dynamic reform process begun by the Secretary-General since taking office would result in the adoption of positive concrete measures aimed at improving the functioning, transparency and effectiveness of UNIDO, an objective to which Member States could contribute by taking the appropriate decisions at the General Conference in December 1997.

94. Support for sustainable development in the context of the environment and social and economic development represented an integrated and systematic approach which was the best instrument for achieving sustainable development in all countries. Decisions concerning the environment, human settlements and sustainable development could not be expected before the fifty-third session of the General Assembly. In the meantime, proposals related to other reform measures, which would result in better coordination of activities in that area and would also

lead to more effective use of available financial resources, were eagerly awaited.

95. **Mr. Lacanlale** (United Nations Industrial Development Organization (UNIDO)), referring to the theme of reform of UNIDO, recalled that in the preceding year, when three of its major contributors had announced plans to leave the organization, a year after its largest contributor had left, serious concerns had been raised about the viability of UNIDO. Although some had thought that UNIDO was about to be phased out or merged with another United Nations organization, the current situation was quite different. In April 1997 an independent assessment of the UNIDO reforms sponsored by the Government of Denmark had concluded that there was no justification for abolishing UNIDO on the grounds that its services were no longer needed and demanded. On the contrary, there was a definite need for a neutral and independent provider of integrated services in support of industrial development and international industrial cooperation. The study had pointed out that between 1993 and 1996 UNIDO had reduced its budget by 25 per cent and its staff by 36 per cent, and that the administrative and operational costs of its technical cooperation activities had dropped to 14.5 per cent, while projects approved for implementation with already secured funding had increased by 40 per cent in the same period.

96. UNIDO had taken another major step in its ongoing reform and renewal programme when, in June 1997, the Industrial Development Board had adopted a new business plan designed to carve out a new role for the organization based on its comparative advantages. Under that plan, UNIDO would have fewer priorities and would focus its activities on two major themes: the strengthening of industrial capacities, and cleaner sustainable industrial development. It would concentrate on providing services to least developed countries, especially in Africa, its geographical priority; support the development of agro-based industries, its sectoral priority; and foster the growth of small and medium-scale industries, its thematic priority.

97. In 1998 the UNIDO staff and budget would probably dwindle to a little over half of their 1993 size. UNIDO would be organized into three divisions rather than the current six, or the eight which had existed in 1993. Acknowledging the reforms under way in UNIDO, the Government of the United Kingdom had announced in June its decision to remain a member of the organization, a decision warmly received by the Group of 77 and other Member States. Germany had also made known its decision to stay pending a government review at the end of 1997.

98. Meanwhile, the Secretary-General, in his Track II reform proposals, had suggested that energy, technology and the transition from State to private enterprises should be made part of the mandate of a restructured and revitalized UNIDO and had indicated his readiness to use his good offices to address the question of the future of UNIDO in the broader context of its reforms and evolving mandate.

99. The Ministers for Foreign Affairs of the Group of 77, meeting in September 1997, had reaffirmed the continued necessity of promoting industrialization and underscored the role of UNIDO as an independent specialized agency with a central co-ordinating role within the United Nations system in the field of industrial development, and had reiterated their commitment to strengthen and support UNIDO.

100. That series of events had helped to create a more positive outlook for the organization, whose prospects had clearly improved. In September 1997 the Industrial Development Board had recommended the appointment of Mr. Carlos A. Magarinos of Argentina to a four-year term as the new Director-General, to be confirmed by the General Conference of UNIDO. The fundamental changes which were taking place in UNIDO would reshape it into a more coherent, cost-effective and responsive instrument for the industrial development of the developing countries.

101. **Mr. Novruzov** (Azerbaijan) said that the events of the last decade of the twentieth century had not only affected the major players, such as States, Governments, international organizations and transnational enterprises, but would also have a substantial impact on the destiny of every human being.

102. Over the previous thirty years there had been much discussion of the interrelationships and mutual recriminations between the so-called developed and developing countries. That divisive approach must not continue much longer, because history itself proved how relative such categories were. Faced with the turmoil created by the sudden break-up of a "more than developed" nation into 15 independent nations, with quite different economic, political and cultural levels, a new category had been invented, that of countries "in transition". The unanswered question was, where would those changes lead?

103. Argument continued about the factors determining the development process in the modern world. Without any doubt international assistance, at the bilateral and multilateral levels, had played an extremely important role in defining development strategies for many countries, but that factor was not necessarily the most important, since others, such as peace, had to be taken into account. His country was well aware of the high toll of war measured in

human casualties, territory lost and shelters destroyed. Since 1988, Armenian aggression against Azerbaijan had caused the deaths of 30,000 people and led to the occupation of 20 per cent of its most fertile land. More than 1 million people, i.e. 15 per cent of the total population, had been driven from their homes as a result of the Armenian advance and hundreds of towns and villages had been levelled to the ground. Approximately 200,000 refugees had been living in tent camps for more than four years.

104. As a result of international humanitarian assistance provided by the United Nations and many other international organizations as well as Governments, Azerbaijan had been able to undertake a costly programme of comprehensive economic reforms and structural adjustment, despite the fact that, according to the World Bank, the per capita Gross Domestic Product had dropped from US$ 2,700 in 1989 to US$ 500 in 1995, making Azerbaijan one of the most impoverished nations in the world. Without underestimating the importance of the international humanitarian assistance which had kept hundreds of thousands of people alive, it was clear that that assistance had been used to alleviate the repercussions of the war and not for the development process.

105. The leadership of Azerbaijan had to devise and carry out a viable strategy for economic recovery based primarily on domestic resources, both human and natural. Although that statement might not seem compatible with the multimillion dollar contracts signed between 1994 and 1997 by the Government of Azerbaijan and the major multinational oil companies to exploit the oil off the coast of the Caspian Sea, it was clear that those investments, which had totalled $600 million in 1996 and would, according to preliminary estimates, reach $1,000 million in 1997, should not be considered as a gift or charity; the operation in question was a commercial one, laying the foundations for the profound transformation of Azerbaijan. Exploration of the huge oil deposits in the Caspian Sea was not the ultimate objective of the people and Government of Azerbaijan, since economic systems based on a single industry were very vulnerable and could not provide a basis for sustainable development in a modern society, although the revenues from oil exports, if used wisely, could help to revive the entire economy of Azerbaijan.

106. The people and Government of Azerbaijan believed that every nation had the right to develop independently or in voluntary cooperation with partners according to its own model of economic development. In that respect, his Government was satisfied with its cooperation with multinationals; of the 1,000 foreign companies operating in the country, over 80 per cent traded in products other than oil. His Government was also fully satisfied with its cooperation with the specialized agencies of the United Nations. In that regard, the two large-scale projects undertaken by the UNDP office in Baku, which were of great importance for the future of the country, deserved a special mention. The first was the creation of the free economic zone in the third-largest city in Azerbaijan, Sumgait, which had already attracted the attention of major investors and international financial institutions such as the World Bank and the European Bank for Reconstruction and Development. The second was the programme to rebuild houses in the territories liberated from Armenian occupation, which would provide the people of Azerbaijan with several hundred new housing units.

107. Azerbaijan was a landlocked country and therefore fully recognized the importance of good relations with its neighbours and partners in regional economic organizations such as the Economic Cooperation Organization, the Council of the Black Sea Economic Cooperation and the Commonwealth of Independent States. In that respect, he expressed confidence in the bright future of regional cooperation and also took the opportunity to reaffirm that the latter should be based on the principles of equality and respect for each country's sovereignty.

108. Although Azerbaijan was still going through a difficult economic period, it had already managed to check inflation; the national currency, the manat, was stable and its exchange rate with the United States dollar had been rising for almost two years. Also, there had been a slight increase in gross domestic product the year before, which should turn into a growth rate of 4 per cent in 1997, land reform was under way and privatization was picking up pace.

109. Azerbaijan was only at the beginning of a long and difficult road leading to prosperity, and was prepared to learn from the positive experience of every country. Nevertheless, even though the development experience of certain countries appeared suitable for Azerbaijan to assess and adapt to its own situation, that did not mean that his Government would necessarily adopt all the paradigms of the traditional "development way of thinking". His Government had established close relations with the World Bank, the International Monetary Fund, the European Bank for Reconstruction and Development and other international financial institutions, but within the framework of those relations it bore full responsibility for important issues such as those related to borrowing. It valued official development assistance very highly, but strongly believed that national Governments should be the driving force behind the ongoing process of economic reform.

110. With regard to reform of the United Nations, he said that functions usually determined organizational structures and financial needs, and the time had come for the United Nations to become a true world leader; it should become the headquarters and practical implementer of global projects with a profound impact on the world's development in the next century. The international community was faced with the task of formulating those projects and providing the United Nations with a clear mandate to implement them.

111. **Ms. Galindo** (Colombia) associated herself with the statement made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China, and stressed the importance of strengthening the role of the United Nations in the economic and social domains and the process of reforming the Organization, whose prime objective should be the effective promotion of economic and social development in the developing countries. Through the United Nations Conference on Trade and Development, the Economic and Social Council and the General Assembly, the United Nations should play an active part in orienting macroeconomic policy so that the resolution of monetary, financial and international trade issues was favourable to the developing countries.

112. One of the subjects that should be studied jointly within the framework of the United Nations was the financing of development, by assessing the public and private capital flows that were available and foreseeable in the mid-term compared with the minimum estimates for programmes to eradicate poverty, build infrastructures and provide basic social services.

113. Considering that the mobilization of financial resources was a constant priority for developing countries, a summit meeting should be held to discuss the relevant aspects of the issue once the common interests of the international system expressed at the world conferences held in the 1990s had been determined and a clear economic and social development programme had been adopted within the framework of the United Nations. That would offer an opportunity to verify and clarify the extent to which the developed countries had fulfilled their commitments.

114. The work carried out at the special session of the General Assembly on the review and appraisal of the implementation of Agenda 21 had managed to safeguard the commitments and principles adopted at the Rio Conference, but revealed the lack of political will on the part of some developed countries to honour their environmental commitments and boost international cooperation. As poverty showed little respect for nature, official development assistance and international cooperation were vital priorities.

115. The overall debt of the developing countries continued to increase, which was why her Government had stressed, within the Group of 77 and the Movement of Non-Aligned Countries, that progress must be made in the search for real solutions. The Heavily Indebted Poor Countries Debt Initiative, which should be applied on the basis of less rigid requirements, might run into financing problems because of the developed countries' refusal to donate sufficient resources to the relevant aid funds.

116. Multilateral debt was also a serious problem and a burden on the economies of many poor countries, especially those south of the Sahara in Africa. A comprehensive approach to bilateral and multilateral debt would have a better chance of effectively reducing the scale of the problem to tolerable levels. Moreover, it was important to streamline the handling of the debt by making progress on the political front in creditor and debtor countries. It was also necessary for debt relief to be accompanied by a favourable economic environment that included access to markets, stabilization of commodity prices, and reliable macroeconomic conditions.

117. 1998 will be the fiftieth anniversary of GATT and the multilateral trading system. Hence it is important to underscore the progress made by the World Trade Organization in terms of the Comprehensive and Integrated Plan of Action for the Least Developed Countries adopted in Singapore, which constitutes a worthy response to the request of the developing countries for balanced participation in the international trading system. With the same aim in mind, WTO, UNCTAD and the International Trade Centre, going beyond their joint efforts to provide technical assistance to strengthen national trade policies, are preparing to convene a high-level meeting of the least developed countries with a view to forging an integrated approach. The philosophy that must inspire this and other projects aimed at achieving an equitable system of true participation can be expressed in a single word: solidarity.

118. **Ms. Thunyani** (Malawi), associating her delegation with the views expressed by the Chairman of the Group of 77 and China, said that Malawi was concerned about the decline, in current dollar terms, in the net transfer of resource flows, despite the rise in foreign direct investment in recent years. Furthermore, the distribution of private financial flows to the developing countries had remained highly uneven, so that the rapid growth of foreign direct investment did not represent a growing benefit for all the developing countries.

119. Official development assistance remained the primary source of external resources, and her delegation observed

with concern that the amount contributed by the member countries of the Development Assistance Committee of the Organisation for Economic Cooperation and Development, which had already dropped 9 per cent in 1995, had declined by 4 per cent in real terms in 1996. Despite that worrying trend, tribute should be paid to Denmark, the Netherlands, Norway and Sweden, which, as in previous years, had exceeded the target of 0.7 per cent of the gross national product (GNP).

120. Malawi, which like many other developing countries was seriously affected by the problem of external debt, wished to recognize the debt-relief efforts of the Paris Club and was encouraged by its increasing concentration on the problems of low-income countries. Also, it paid tribute to the Bretton Woods institutions for having in April 1996 introduced the Heavily Indebted Poor Countries Debt Initiative as part of the international debt strategy. However, it noted with concern that total pledges to the trust funds established by the World Bank and the International Monetary Fund were not adequate to meet the expected need. Her delegation therefore urged the international community to intensify efforts to find a durable solution to Africa's debt problems.

121. The international community had reaffirmed that the Programme of Action for the Least Developed Countries for the 1990s was the basis for continued cooperation between the least developed and the developed countries. Malawi noted with satisfaction that many of the least developed countries had adopted wide-ranging reform policies and taken structural and sectoral adjustment measures. It was encouraging that the growth rates of their gross domestic product (GDP) had averaged 4.7 per cent in 1996 and that per capita output had risen for the second consecutive year. Although their economies had improved, poverty remained pervasive and the majority of their populations suffered from reduced caloric intake, increased mortality, the re-emergence and spread of disease and lower school enrolment. In addition, barter terms of trade had declined and market access had been restricted.

122. The ninth session of UNCTAD held in Midrand, South Africa, in 1996 had recognized the plight of the least developed countries and the need to ensure their effective integration into the international trading system. Her delegation reiterated the call made in the Midrand Declaration to pay special attention to creating an overall enabling environment for the least developed countries.

123. Malawi welcomed the outcome of the nineteenth special session of the General Assembly for the purpose of an overall review and appraisal of the implementation of Agenda 21 and believed that the deficiencies revealed should inspire all members to redouble their efforts in fulfilling their common responsibilities. It further welcomed the conclusion of deliberations and the subsequent adoption by the General Assembly of the report on an Agenda for Development.

124. **Mr. Olaniyan** (Organization of African Unity) said that in the last two decades the world economy had not only become globalized and integrated, but had grown significantly. At the same time, that growth continued to be inequitable, and genuine and lasting solutions to the problems of development in the developing countries, especially in Africa, remained elusive.

125. The Organization of African Unity (OAU) held the view that the international community had a fundamental role to play in ensuring realistic and sustainable development in the developing countries as they embarked on major reforms to achieve it. The international environment had to become more conducive to equitable global economic growth and development, and the factors that stood in the way should be examined.

126. The lack of satisfactory solutions to the problem of external debt negated the major efforts being made by the developing countries, especially in Africa, to promote sustainable economic growth and development. Several debt-relief measures had been adopted, such as the Trinidad and Tobago and Naples terms of the Paris Club and the Heavily Indebted Poor Countries Debt Initiative of the World Bank and the International Monetary Fund; but they were not definitive solutions. The set of measures taken by the international community to alleviate the debt should be complemented by realistic steps in support of the growth of African countries.

127. Foreign aid continued to play a critical role in the development of the least developed countries, whose foreign exchange earnings were consistently declining in keeping with a decreased demand for their exports. The proportion represented by official development assistance in the GNP of the member countries of the Development Assistance Committee had declined from 0.33 per cent in 1992 to 0.25 per cent in 1996. Many countries had still not met the target of 0.7 per cent of the GNP. The advances made in implementing economic reforms suggested that the main ingredients in spurring sustained economic growth and development were increased technical support, capacity-building and the consolidation of infrastructures.

128. Although the globalization of the world economy had been accompanied by a wave of capital movements, it had been disappointing to observe that the flows towards the

African countries remained very insignificant. All investment involved risk, but the economic reforms that many African countries had undertaken and the development projects emerging from that process had improved conditions and created vast opportunities for investment. OAU urged the international community to provide financial and technical support to encourage trade, investment and the eradication of poverty in Africa.

129. It was important to note that the promotion of equitable and sustainable global development hinged on balanced international trade. Accordingly, OAU welcomed the Comprehensive and Integrated World Trade Organization Plan of Action for the Least Developed Countries. It also welcomed the various United Nations conferences held since 1990 and the programmes designed to accelerate development in Africa. In particular, the United Nations New Agenda for the Development of Africa in the 1990s and the United Nations System-wide Special Initiative on Africa remained international instruments that promoted economic development in African countries. OAU therefore urged the Committee to support actively the effective implementation of the recommendations of those conferences and the various measures and initiatives for the development of Africa.

The meeting rose at 6.05 p.m.